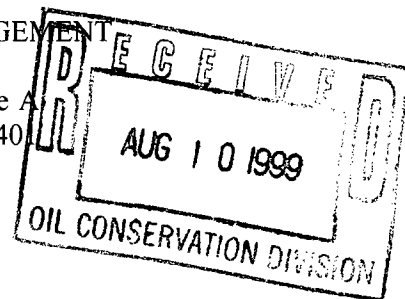




United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401



AUG - 6 1999

IN REPLY REFER TO:

NMSF-080668
3162.3-2 (07100)

Burlington Resources Oil and Gas Company
Attn. Peggy Bradfield
P.O. Box 4289
Farmington, New Mexico 87499

Re: San Juan 27-4 Unit No. 59M
NESE 4-27N-4W
Lease No. SF-080668
San Juan Co., NM

Dear Ms. Bradfield:

Reference is made to your proposal to use fixed allocation factors for the commingled gas and oil production in the above referenced well. After reviewing the production forecast for the Mesaverde and the Dakota formations and the well test data, we agree with the allocation factors as proposed. As such, you are hereby authorized to use the fixed allocation factors for the Dakota and Mesaverde formations as outlined below:

<u>Formation</u>	<u>Gas</u>	<u>Oil</u>
Mesaverde	92%	100%
Dakota	8%	0%

Commingled production from each zone must be reported in accordance with these established allocation factors. The effective date of commingling will be the date commingling first occurs.

If you have any questions regarding the above, contact Jim Lovato at (505) 599-6367.

Sincerely,

/S/ Duane W. Spencer

Duane Spencer
Team Leader, Petroleum Management Team

cc:
✓ NMOCD, Santa Fe
NMOCD, Aztec